

STATE OF SOUTH CAROLINA

POST-FILE

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2014 - 406 - S

IN RE: Application of DEVELOPMENT)
SERVICE, INC. for approval of)
sewer rates, terms and conditions)
for residential and commercial)
customers in all areas served.)

APPLICATION FOR
RATE INCREASE

(Please type or print)

Submitted by: Charles H. Cook Esq.

Address: 6806 Pine Tree Cir
Columbia, SC 29206-1763

SC Bar Number: 1367

Telephone: (803) 606-7789

Fax:

Other: 803-782-6806

Email: LCCookLaw@earthlink.net

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☒ Request for item to be placed on Commission's Agenda expeditiously

☐ Other:

INDUSTRY (Check one)

- ☐ Electric
☐ Electric/Gas
☐ Electric/Telecommunications
☐ Electric/Water
☐ Electric/Water/Telecom.
☐ Electric/Water/Sewer
☐ Gas
☐ Railroad
☒ Sewer
☐ Telecommunications
☐ Transportation
☐ Water
☐ Water/Sewer
☐ Administrative Matter
☐ Other:

NATURE OF ACTION (Check all that apply)

- | | | |
|--|--|--|
| <input type="checkbox"/> Affidavit | <input type="checkbox"/> Letter | <input type="checkbox"/> Request |
| <input type="checkbox"/> Agreement | <input type="checkbox"/> Memorandum | <input type="checkbox"/> Request for Certification |
| <input type="checkbox"/> Answer | <input type="checkbox"/> Motion | <input type="checkbox"/> Request for Investigation |
| <input type="checkbox"/> Appellate Review | <input type="checkbox"/> Objection | <input type="checkbox"/> Resale Agreement |
| <input type="checkbox"/> Application | <input type="checkbox"/> Petition | <input type="checkbox"/> Resale Amendment |
| <input type="checkbox"/> Brief | <input type="checkbox"/> Petition for Reconsideration | <input type="checkbox"/> Reservation Letter |
| <input checked="" type="checkbox"/> Certificate | <input type="checkbox"/> Petition for Rulemaking | <input type="checkbox"/> Response |
| <input type="checkbox"/> Comments | <input type="checkbox"/> Petition for Rule to Show Cause | <input type="checkbox"/> Response to Discovery |
| <input type="checkbox"/> Complaint | <input type="checkbox"/> Petition to Intervene | <input type="checkbox"/> Return to Petition |
| <input type="checkbox"/> Consent Order | <input type="checkbox"/> Petition to Intervene Out of Time | <input type="checkbox"/> Stipulation |
| <input type="checkbox"/> Discovery | <input type="checkbox"/> Prefiled Testimony | <input type="checkbox"/> Subpoena |
| <input type="checkbox"/> Exhibit | <input type="checkbox"/> Promotion | <input type="checkbox"/> Tariff |
| <input type="checkbox"/> Expedited Consideration | <input type="checkbox"/> Proposed Order | <input type="checkbox"/> Other: |
| <input type="checkbox"/> Interconnection Agreement | <input type="checkbox"/> Protest | |
| <input type="checkbox"/> Interconnection Amendment | <input type="checkbox"/> Publisher's Affidavit | |
| <input type="checkbox"/> Late-Filed Exhibit | <input type="checkbox"/> Report | |

Print Form

Reset Form

COOK LAW FIRM

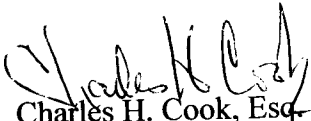
6806 Pine Tree Circle
Columbia, SC 29206

Telephone: (803) 782-6806
Cell : (803) 606-7789

Charles H. Cook
Attorney At Law

This is to certify that I have caused to be served this day one (1) copy of the Application for Docket No. 2014-406-S, by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

The Honorable C. Dukes Scott
Florence P. Belser, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, S. C. 29201


Charles H. Cook, Esq.
Cook Law Firm
6806 Pine Tree Cr.
Columbia, S. C. 29206-1703

December 31, 2014

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO.2014-406-S

IN RE: Application of DEVELOPMENT)
SERVICE, INC. for approval of)
sewer rates, terms and conditions)
for residential and commercial)
customers in all areas served.)

APPLICATION FOR
RATE INCREASE

Development Service, Inc ("DSI") hereby applies to the South Carolina Public Service Commission ("Commission") for approval of an increase in its existing rates and charges pursuant to South Carolina Public Service Commission's Rules and Regulations and S.C. Code Ann. §58-5-240 (Law. Co-op. Supp. 2013) and 10 S. C. Code Ann.Reg. 103-512.4A and 103-503(2012). In support of its application, Development Service, Inc. provides the following information:

1. DSI is a closely held corporation organized and existing under the laws of the State of South Carolina and is a public utility within the meaning of S.C. Ann. §58-5-10(3) (Law. Co-op. 1976). The legal name and principal office or place of business of the applicant is Development Service, Inc., 816 East Main Street, Lexington, South Carolina 29072.

2. Correspondence or communications should be addressed as set forth below:

a. Legal Counsel for this Application:

**Charles H. Cook, Esq.
Cook Law Firm
6806 Pine Tree Circle
Columbia, S. C. 29206-1703
(803) 606-7789**

b. Applicant's Representative For Ongoing Operations:

**Mr. Keith G. Parnell
President
Development Service, Inc.
816 East Main Street
Lexington, S. C. 29072
(803)359-4804 (Tel.)
(803)359-2374 (Fax.)**

3. This application is for the approval of new schedules of rates and charges for sewerage service provided to applicant's residential and commercial customers in all areas served. Current service area maps are represented by Applicant to be on file with the Commission. Applicants annual report as required by statute is also on file with the Commission. In addition, Applicant is informed and believes that the required bond and surety is on file with this Commission as required by S. C. Code Ann. Sec. 58-5-720 (Supp.2013).

4. As of December 31, 2013, DSI was providing sewerage service to one hundred and ninety-one (191) residential and commercial customers under the schedule of rates approved by the Commission in two phases, in Order Number 2005-42, Docket Number 2004-212-S dated February 2, 2005, and as approved by a schedule of rates implemented as Phase II, Order No. 2007-314.

5. DSI collects wastewater and transmits the same to its own wastewater treatment system prior to discharge and disposal. (Previously, with the approval of the Commission, the utility named Bush River Utilities, Inc. ("BUSH RIVER") was the wholesale treatment plant for DSI collection only operation and charged DSI a monthly "wholesale rate" for such treatment services. The rates charged were approved by this Commission for DSI in the same order and docket number referenced in Paragraph 5 above. Bush River operated most recently under a schedule of rates approved in Docket No. 2004-259-S, Order No. 2007-315, also implementing Phase II rates, as it had met all of the conditions previously imposed by this Commission. Historically, Bush River was owned by the same individual principals who today own DSI. DSI is one of two corporations owned and operated by Keith G. Parnell and C. Kenneth Parnell, brothers, each, respectively owning equal shares of DSI and Midlands Utility, Inc. ("MUI"). MUI is also a closely held S. C. corporation composed partially of assets constituting a public utility within the meaning of S.C. Code of Laws §58-5-10(3), and regulated by the Commission. The two companies are connected by virtue of ownership, common purpose, staffing, and inter-company borrowings of assets and equipment. Because of common ownership, the ability to operate essentially as associated utilities provides certain economies of scale. DSI further submits that the principal owners accomplished a

corporate merger between DSI and Bush River, putting all assets and liabilities of the two companies in one corporate entity. DSI and MUI, through the commitment of the respective two owners have collectively obligated and pledged all corporate assets to repay and secure loan agreement(s) with a commercial bank. The loans were necessary for the upgrading of facilities, as well as to meet certain environmental requirements of the South Carolina Department of Health and Environmental Control ("DHEC"). The funds from the loans allowed needed financing for construction by increased rate structure to service the debt repayment, construction costs and ongoing operational expenses and maintenance.

6. The purpose and justification for the filing of this application for rate increase is due substantially to proposed assessments for property taxes to be levied against DSI's utility waste water plant. It has been a period of nearly a decade since Applicant has sought an increase in rates. An absolute need to cover costs of property taxes(See Exhibit H, PT-422 Assessment, Property Division, noticed June 24, 2014 by the S. C. Dept.of Revenue, totally \$96,010 for tax year 2014,) debt service, rate expense, labor, and maintenance, and obtain a fair reasonable margin, are each imperative. Operating revenues to sustain an operating return of 15% based upon exhibited accounting pro forma adjustments necessitate a 54.45% increase over the base year at December 31, 2013. (Please see Exhibit A attached and incorporated herein for a complete list of present rates and those proposed. No changes are proposed or scheduled for tap fees or other additional charges not currently within the test year schedule.)

7. Notice of Applicants intention to file the new schedules was given more than the required thirty (30) days prior to this application.(See Exhibit B attached and incorporated

by reference herein.) The new schedule will provide additional operating revenues of \$292,000. based on the twelve-month test period ending December 31, 2013 as the base year. DSI is informed and believes that such schedules are just, lawful, reasonable, and in the public interest. The new schedules when approved will be put into operation for services rendered on or after the expiration of the time prescribed in subsection (C) or subsection (D), of S.C. Code of Laws §58-5-240 whichever is applicable, unless otherwise ordered by this Commission beforehand.

8. Attached hereto and incorporated by reference are Exhibits “A-M” inclusive, intended to satisfy requirements for this application under the Commission’s Rules, Regulations, and Directives, (footnote 1) listed below:

Exhibit A **Current and Proposed Rate Schedules for Residential and Commercial**

Exhibit B **Thirty day letter of intent by Applicant prior to filing Rate Increase Application**

Exhibit C **Most current available income and expense statement for preceding twelve months.**

Exhibit D **Pro forma income and expense statement using proposed rates applied to proposed test year.**

Exhibit E **Balance sheet.**

Exhibit F **Depreciation schedule by categories of plant or average service lives.**

Exhibit G **Number of customers as of December 31, 2013 and expected in the following twelve months.**

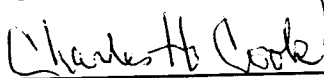
- Exhibit H** **Cost justification for proposed rates and charges.**
- Exhibit I** **Statement of plant investment by categories.**
- Exhibit J** **Most recent letters of approval from DHEC constituting its approval to continue operations relative to permitting.**
- Exhibit K** **Current performance bond satisfaction to the Commission is on file.**
- Exhibit L** **Customer bill form.**
- Exhibit M** **Evidence of Last Gross Receipts**

1 To the extent any provision of Commission regulation requiring additional information is not complied with herein, it is due to Applicant's belief that same does not apply. If such regulation requirement is deemed to be applicable, Applicant respectfully requests a waiver of same pursuant to Rule 103-803.

WHEREFORE, Development Service, Inc., having fully set forth its Application, prays that the Commission accept the within Application for filing, approve the increased adjustments to rates, the charges and conditions and the terms and condition of service herein, grant any waivers from Commission regulations as may be warranted and grant to Applicant such other and further relief as the Commission may deem just and proper.

Respectfully submitted,

COOK LAW FIRM



Charles H. Cook, Esquire

6806 Pine Tree Circle

Columbia, SC 29206

803-782-6806

803-606-7789

Attorney for Development Service, Inc.

Columbia, South Carolina

December 31, 2014

December 31, 2014

1 To the extent any provision of Commission regulation requiring additional information is not complied with herein, it is due to Applicant's belief that same does not apply. If such regulation requirement is deemed to be applicable, Applicant respectfully requests a waiver of same pursuant to Rule 103-803.

Exhibit A

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.

Exhibit A - Current and Proposed Rate Schedules for Residential and Commercial

Development Services, Inc.

For the Year Ended December 31, 2013

Line No.		Current Rate	Proposed Rate
1	Residential	26.48	40.90
2	TOTAL - RESIDENTIAL		
3	COMMERCIAL		
4	Apartments	25.15	38.84
5	1st Bay	41.16	63.57
6	Additional Bay	20.58	31.79
7	24 hour Restaurant	6.16	9.51
8	Community Building	1.11	1.71
9	Church per Seat	0.20	0.31
10	Minimum	26.48	40.90
11	ORS Church Rate	65.63	101.37
12	Per Car	4.18	6.46
13	Per Employee	1.03	1.59
14	Per Room	3.50	5.41
15	Per Student	0.82	1.27
16	Restaurant/Per Seat	4.12	6.36
17	Sq. Feet	8.24	12.73
18	Self Car Wash	8.36	12.91
19	Theater Seating	0.44	0.68
20	Each	26.48	40.90
21	Pool	0.82	1.27
22	Vend/Rest	2.46	3.80
23	Washing Machine	14.00	21.62
24	TOTAL - COMMERCIAL		

Footnotes:

Proposed revenue increase to achieve 15% return equals 54.45% rate increase.

Exhibit B

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.

2014-10-14
2:22:28

Development Service, Inc
816 East Main Street
Lexington, SC 29072

October 14, 2014

VIA HAND-DELIVERY

The Honorable Jocelyn D. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Notice of Intent

Dear Ms. Boyd:

Please be advised that Development Service, Inc. intends to file, not earlier than thirty (30) days from the date of this notice, an application seeking approval of sewer rates, terms and conditions. I would appreciate your accepting the original of this letter for filing and returning the enclosed copy to me, bearing your file stamp, via the courier.

This notice is intended to fully comply with the requirements of notice set forth in Section 58-5-240 of the South Carolina Code of Laws, as amended. If anything further is required of us to comply with the Commission's rules or statutory requirements for giving notice of intent, please advise.

Sincerely,



Keith Parnell
President/Owner

Cc: Dukes Scott, Executive Director, ORS
Charles Cook, Esquire (Bar #1367)
Charles K. Parnell

RECEIVED
2014 OCT 14 AM 11:01
SC PUBLIC SERVICE
COMMISSION

Exhibit C

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.

Exhibit C - Most current available income and expense statement for preceding twelve months**Development Services, Inc.****For the Year Ended December 31, 2013**

NARUC ACCOUNT NUMBER AND TITLE		PER BOOKS
1	UTILITY OPERATING INCOME	
2	400 Total Utility Operating Revenues	527,580
3	UTILITY OPERATING EXPENSES	
4	401 Operating Expenses	393,454
5	403 Depreciation Expenses	79,959
6	406 Amortization of Utility Plant Acquisition Adjustments	
7	407 Amortization Expense - Other	
8	408.10 Utility Regulatory Assessment Fees	3,633
9	408.11 Property Taxes	3,699
10	408.12 Payroll Taxes	13,198
11	408.13 Other Taxes and Licenses	
12	409.10 Federal Income Taxes, Utility Operating Income	
13	409.11 State Income Taxes, Utility Operating Income	
14	410.10 Deferred Federal Income Taxes	
15	410.11 Deferred State Income Taxes	
16	411.10 Provision for Deferred Income Taxes - Credit, Utility Operating Income	
17	412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations	
18	412.11 Investment Tax Credits Restored to Operating Income, Utility Operations	
19	Total Utility Operating Expenses	493,943
20	TOTAL NET UTILITY OPERATING INCOME (LOSS)	33,637
21	OTHER INCOME AND DEDUCTIONS	
22	419 Interest and Dividend Income	
23	420 Allowance for Funds Used During Construction (AFUDC)	
24	421 Non-Utility Income	
25	426 Miscellaneous Non-Utility Expenses	
26	TOTAL OTHER INCOME AND DEDUCTIONS	-
27	TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS	
28	408.20 Taxes Other Than Income, Other Income and Deductions	
29	409.20 Income Taxes, Other Income and Deductions	
34	TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS	-
35	INTEREST EXPENSE	
36	427.1 Interest on Debt to Associated Companies	
37	427.2 Interest on Short-Term Debt	
38	427.3 Interest on Long-Term Debt	43,170
39	427.4 Interest on Customer Deposits	
40	427.5 Interest - Other	
41	TOTAL INTEREST EXPENSE	43,170
42	NET INCOME (LOSS)	(9,533)

Exhibit D

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.

Development Services, Inc.
For the Year Ended December 31, 2013

	NARUC ACCOUNT NUMBER AND TITLE	PER BOOKS	PROFORMA ADJUSTMENTS	INCOME TAXES	AJE	PROFORMA PRESENT	PROPOSED INCREASE	INCOME TAXES	RATE CASE BALANCE
1	UTILITY OPERATING INCOME								
2	400 Total Utility Operating Revenues	527,580	22,036		1)	549,616	292,000		841,616
3	UTILITY OPERATING EXPENSES								
4	401 Operating Expenses	393,454	14,290		3)	407,744	30,254		437,998
5	403 Depreciation Expenses	79,959	17,111		2)	97,070	636		97,706
6	406 Amortization of Utility Plant Acquisition Adjustments					-			-
7	407 Amortization Expense - Other					-			-
8	408.10 Utility Regulatory Assessment Fees	3,633				3,633			3,633
9	408.11 Property Taxes	3,699				3,699	48,283		51,982
10	408.12 Payroll Taxes	13,198				13,198			13,198
11	408.13 Other Taxes and Licenses					-			-
12	409.10 Federal Income Taxes, Utility Operating Income		0	(4,323)		(4,323)	4,323	62,807	62,807
13	409.11 State Income Taxes, Utility Operating Income		0	(669)		(669)	669	9,722	9,722
14	410.10 Deferred Federal Income Taxes					-			-
15	410.11 Deferred State Income Taxes					-			-
16	411.10 Provision for Deferred Income Taxes - Credit, Utility Operating Income					-			-
17	412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations					-			-
18	412.11 Investment Tax Credits Restored to Operating Income, Utility Operations	493,943	31,401	(4,993)		520,351	84,165	72,530	677,046
19	Total Utility Operating Expenses	33,637	(9,365)	4,993		29,264	207,835	(72,530)	164,570
20	TOTAL NET UTILITY OPERATING INCOME (LOSS)								
21	OTHER INCOME AND DEDUCTIONS								
22	419 Interest and Dividend Income					-			-
23	420 Allowance for Funds Used During Construction (AFUDC)					-			-
24	421 Non-Utility Income					-			-
25	426 Miscellaneous Non-Utility Expenses					-			-
26	TOTAL OTHER INCOME AND DEDUCTIONS	-	-			-	-		-
27	TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS								
28	408.20 Taxes Other Than Income, Other Income and Deductions					-			-
29	409.20 Income Taxes, Other Income and Deductions					-			-
34	TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS	-	-			-	-		-
35	INTEREST EXPENSE								
36	427.1 Interest on Debt to Associated Companies					-			-
37	427.2 Interest on Short-Term Debt					-			-
38	427.3 Interest on Long-Term Debt	43,170	(5,513)			37,657			37,657
39	427.4 Interest on Customer Deposits					-			-
40	427.5 Interest - Other					-			-
41	TOTAL INTEREST EXPENSE	43,170	(5,513)			37,657	-	-	37,657
42	NET INCOME (LOSS)	(9,533)	(3,852)	4,993		(8,393)	207,835	(72,530)	126,913

To Equal 15% return

15.0796%

Footnotes:

Property tax increase based on South Carolina Proposed Assessment of \$96,010 at 2014 Lexington County Millage Rate of 502.898

Development Services, Inc.
Income Statement
For the Year Ended December 31, 2013

Line No.	Proforma Adjusting Entries		
1			
2			
3			
4	#1) To adjust revenue based on number of customers at year-end.		
5			
6	521.1 Residential	(3,448.00)	
7	521.2 Commercial	25,484.00	
8			
9	#2) To record NARUC book depreciation		
10			
11	403 Depreciation Expenses	17,111.00	
12			
13	#6) To record bad debt expense based on 2.6% of proforma revenue		
14			
15	770 Bad Debt	14,290.00	
16			
17	#7) To record rate case expense amortization		
18			
19	766 Rate Case Expense Amortization	TO BE DETERMINED	
20			

Exhibit E

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.

Development Services, Inc.
For the Year Ended December 31, 2013

Line No.		NARUC ACCOUNT NUMBER AND TITLE	FINANCIAL STATEMENTS 12/31/2013
1		UTILITY PLANT	
2	101	Utility Plant in Service	2,334,029
3	103	Property Held for Future Use	
4	104	Utility Plant Purchased or Sold	
5	105	Construction Work in Progress	
6		Total Utility Plant	2,334,029
7		ACCUMULATED DEPRECIATION	
8	108	Utility Plant in Service	1,416,845
9		Total Accumulated Depreciation	1,416,845
10		UTILITY PLANT ADJUSTMENTS	
11	114	Utility Plant Acquisition	
12	115	Accumulated Amortization of Utility Plant Acquisition	
13		Total Utility Plant Adjustments	-
14		TOTAL NET UTILITY PLANT	917,184
15		OTHER PROPERTY AND INVESTMENTS	
16		OTHER PROPERTY	
17	121	Non-Utility Property	40,000
18	122	Accumulated Depreciation and Amortization of Non-Utility Property	-
19		Total Other Property	40,000
20		INVESTMENTS	
21	124	Utility Investments	-
22		Total Investments	-
23		TOTAL OTHER PROPERTY AND INVESTMENTS	40,000
24		CURRENT AND ACCRUED ASSETS	
25	131	Cash	111,114
26	132	Special Deposits (Interest and/or Dividends)	
27	141	Customer Accounts Receivable	
28	143	Accumulated Provision for Uncollectible Accounts-Credit	
29	151	Plant Material and Supplies	
30	174	Miscellaneous Current and Accrued Assets	82,140
31		TOTAL CURRENT AND ACCRUED ASSETS	193,254
32		DEFERRED DEBITS	
33	186	Miscellaneous Deferred Debits	
34	190.1	Accumulated Deferred Federal Income Taxes	
35	190.2	Accumulated Deferred State Income Taxes	
36		TOTAL DEFERRED DEBITS	-
37		TOTAL ASSETS AND OTHER DEBITS	1,150,438

Development Services, Inc.
For the Year Ended December 31, 2013

Line No.	NARUC ACCOUNT NUMBER AND TITLE	FINANCIAL STATEMENTS 12/31/2013
1	EQUITY CAPITAL	9,500
2	201 Common Stock Issued	
3	204 Preferred Stock Issued	39,804
4	211 Other Paid-In Capital	24,615
5	215 Unappropriated Retained Earnings	
6	218 Proprietary Capital (for proprietorships & partnerships only)	73,919
7	TOTAL EQUITY CAPITAL	
8	LONG-TERM DEBT	1,066,574
9	224 Other Long-Term Debt	1,066,574
10	TOTAL LONG-TERM DEBT	
11	CURRENT AND ACCRUED LIABILITIES	
12	231 Accounts Payable	
13	232 Notes Payable	1,421
14	235 Customer Deposits-Billing	8,436
15	236 Accrued Taxes	
16	237 Accrued Interest	88
17	241 Miscellaneous Current and Accrued Liabilities	9,945
18	TOTAL CURRENT AND ACCRUED LIABILITIES	
19	DEFERRED CREDITS	
20	252 Advances for Construction	
21	253 Other Deferred Credits, Regulatory Liabilities	
22	255 Accumulated Deferred Investment Tax Credits, Utility Operations	-
23	TOTAL DEFERRED CREDITS	
24	OPERATING RESERVES	
25	265 Miscellaneous Operating Reserve	-
26	TOTAL OPERATING RESERVES	
27	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	
28	271 Contributions in Aid of Construction	
29	272 Accumulated Amortization of CIAC	-
30	TOTAL NET CIAC	
31	ACCUMULATED DEFERRED INCOME TAXES	
32	281 Accelerated Amortization	
33	282 Accelerated Depreciation	
34	283 Other	-
35	TOTAL ACCUMULATED DEFERRED INCOME TAXES	
36	TOTAL EQUITY CAPITAL AND LIABILITIES	1,150,438

Exhibit F

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.

Developed:
For the Year Ended December 31, 2013

Line No.	Asset	Date in Service	Cost	Allocation	Allocated Amount	Service Life	Depreciation Rate	Current Depreciation	Prior Depreciation	Accumulated Depreciation	Net Book Value
1	1999 Ford F-150	6/15/02	23,249	33%	7,672	FD	FD	-	7,672	7,672	-
2	General Plant - Computer	11/01/88	1,500	100%	1,500	FD	FD	-	1,500	1,500	-
3	Computer	1/31/04	1,648	100%	1,648	FD	FD	-	1,648	1,648	-
4	2008 Dodge Pickup	12/30/05	27,556	100%	27,556	FD	FD	-	27,556	27,556	-
5	Computer & Software	5/01/05	6,350	25%	1,588	FD	FD	-	1,588	1,588	4,763
6	John Deere Mower	6/19/13	10,486	100%	10,486	6.0	16.67%	1,748	-	1,748	8,738
9	2008 Dodge Ram	10/24/12	37,896	100%	37,896	6.0	16.67%	6,317	1,194	7,511	30,385
10	Copier	7/01/09	3,788	25%	947	6.0	16.67%	158	553	711	3,077
	Total 6-year service life		112,473		89,293			8,223	41,710	49,934	46,963
13	CAT Backhoe	10/15/03	53,550	10%	5,355	12.0	8.33%	446	4,110	4,556	799
14	Kobelco Excavator	12/31/07	119,967	100%	119,967	12.0	8.33%	9,993	49,986	59,980	59,987
15	Total 12-year service life		173,517		125,322			10,439	54,097	64,536	60,786
16	Office Desk	3/01/04	300	100%	300	15.0	6.67%	20	176	196	104
17	Case Generator	8/31/04	26,115	100%	26,115	15.0	6.67%	1,742	14,510	16,252	9,863
19	Toshiba Generator	8/05/06	1,270	100%	1,270	15.0	6.67%	85	542	627	643
20	Total 15-year service life		27,685		27,685			1,847	15,228	17,075	10,610
21	BR-Equipment Systems	1/01/03	631,320	100%	631,320	18.0	5.56%	35,070	350,733	385,803	245,517
23	Total 18-year service life		631,320		631,320			35,070	350,733	385,803	245,517
24	CAT Generator	10/15/03	37,000	0%	-	20.0	5.00%	-	-	-	-
25	Total 20-year service life		37,000		-			-	-	-	-
26	BR-Plant/Sewer System	7/01/08	1,242,472	100%	1,242,472	32.0	3.13%	38,827	174,776	213,603	1,028,869
27	Total 32-year service life		1,242,472		1,242,472			38,827	174,776	213,603	1,028,869
28	Ground Penetrating Radar		30,000	25%	7,500	18.0	5.56%	417			50,669
30	Total 45-year service life		120,000		120,000			2,664	66,667	69,331	50,669
31	Sewer System - Net	1/01/88	120,000	100%	120,000	45.0	2.22%	2,664	66,667	69,331	50,669
32	Total 45-year service life		120,000		120,000			2,664	66,667	69,331	50,669
	Subtotal		2,344,467		2,236,092			97,070	703,211	800,281	1,443,414
35	Assets to be added in 2014/2015										
36	Disc Diffuser Replacement		7,033	100%	7,033	32.0	3.13%	220			
38	Ground Penetrating Radar		30,000	25%	7,500	18.0	5.56%	417			
40			37,033		14,333			636			
41											
42											
43											
44											
45											
46											
	Total Proposed Depreciation							97,706			

Footnotes:
Allocation of assets between entities

Exhibit G

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.

Development Services, Inc.
For the Year Ended December 31, 2013

Line No.		DSI, Inc		DSI - BR		COMBINED		Growth
		1/1/2013	12/31/2013	1/1/2013	12/31/2013	# at beg of 2013	# at end of 2013	
1	Residential	68	69			68	69	1.47%
2								
3		DSI		BR				
4	COMMERCIAL	1/1/2013	12/31/2013	1/1/2013	12/31/2013			
5	Apartments	348	348	170	170	518	518	0.00%
6	1st Bay	7	7	5	5	12	12	0.00%
7	Additional Bay	17	17	8	8	25	25	0.00%
8	24 hour Restaurant	34	34			34	34	0.00%
9	Community Building	336	336			336	336	0.00%
10	Church per Seat	4122	4122	168	168	4290	4290	0.00%
11	Minimum	52	49	33	34	85	83	-2.35%
12	ORS Church Rate	1	1			1	1	0.00%
13	Per Car	256	256			256	256	0.00%
14	Per Employee	878	878	1037	1037	1915	1915	0.00%
15	Per Room	387	387	497	498	884	885	0.11%
16	Per Student	226	226	105	105	331	331	0.00%
17	Restaurant/Per Seat	2411	2167	537	537	2948	2704	-8.28%
18	Sq. Feet	531	442	222	222	752.98	663.98	-11.82%
19	Self Car Wash	10	10			10	10	0.00%
20	Theater Seating	2880	2880			2880	2880	0.00%
21	Each			69	69	69	69	0.00%
22	Pool			25	25	25	25	0.00%
23	Vend/Rest			148	148	148	148	0.00%
24	Washing Machine			16	16	16	16	0.00%

Footnotes:

DSI billing system tracks customers as Development Services Inc or Bush River

Exhibit H

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.

Development Services, Inc.
For the Year Ended December 31, 2013

Operating Revenue

Line No.		PER BOOKS	ACCOUNTING & PROFORMA ADJUSTMENTS	AJE	PROFORMA PRESENT	PROPOSED RATE INCREASE	RATE CASE BALANCE
1	WASTEWATER SALES REVENUE						
2	521 Flat Rate Revenues - General Customers						
3	521.1 Residential	25,374	(3,448)	1)	21,925	11,939	33,864
4	521.2 Commercial	488,840	25,484	1)	514,324	280,061	794,385
5	521.3 Industrial				-		-
6	521.4 Public Authorities				-		-
7	521.5 Multiple Family Dwelling Revenues				-		-
8	521.6 Other Revenues (Availability)				-		-
9	Total Flat Rate (Unmetered) Revenues	514,214	22,036		536,250	292,000	828,250
10	522 Measured Revenues - General Customers						
11	522.1 Residential				-		-
12	522.2 Commercial				-		-
13	522.3 Industrial				-		-
14	522.4 Public Authorities	13,366			13,366		13,366
15	522.5 Multiple Family Dwelling Revenues				-		-
16	Total Measured Revenues				-		-
17	524 Revenues from Other Systems				-		-
18	TOTAL WASTEWATER SALES REVENUE	527,580	22,036		549,616	292,000	841,616
19	OTHER WASTEWATER REVENUES				-		
20	530 Guaranteed Revenues				-		
21	536 Other Wastewater Revenues				-		
22	TOTAL OTHER WASTEWATER REVENUES	-			-		
23	400 TOTAL OPERATING REVENUES	527,580	22,036		549,616	292,000	841,616

Footnotes:

Proposed revenue increase of \$292,000 to achieve 15% return equals a rate increase of:

54.45%

**Development Services, Inc.
For the Year Ended December 31, 2013**

Income Taxes

Line No:	ITEM	PER BOOKS	PROFORMA ADJUSTMENTS	PROFORMA PRESENT	PROPOSED RATE INCREASE	PROFORMA PROPOSED
1	State Income Taxes					
2	Book Net Income (before taxes)	\$ (9,533)	\$ (3,852)	\$ (13,385)	\$ 207,835	\$ 194,450
3						
4	Permanent Differences - Meals			\$ -		\$ -
5						
6	Temporary Differences					
7						
8	State Taxable Income	(9,533)	(3,852)	(13,385)	207,835	194,450
9						
10	State tax rate	5%	5%	5%	5%	5%
11						
12	Provision for Current State Income Taxes	\$ (477)	\$ (193)	\$ (669)	\$ 10,392	\$ 9,722
13						
14	Federal Income Taxes					
15	Federal Taxable Income	(9,057)	(3,659)	(12,716)	197,443	184,727
16						
17	Federal Income Tax Rate	34%	34%	34%	34%	34%
18	Provision for Current Federal Income Taxes	\$ (3,079)	\$ (1,244)	\$ (4,323)	\$ 67,131	\$ 62,807
19						
20						
21	Total Income Tax Expense	\$ (3,556)	\$ (1,437)	\$ (4,993)	\$ 77,522	\$ 72,530

Exhibit H - Cost Justification for proposed rates and charges

Development Services, Inc.

For the Year Ended December 31, 2013

Interest

Line No.

1	2013 Ending Balance	1,227,381			
2	Interest Rate	5.0%			
3	Monthly Payments	10,500			
4					
5	Projected 2015 Interest	56,483			
6					
7	DSI Share (67%)	37,657			
8	MUI Share (33%)	18,809			
9					
10	Footnotes:				
11	- Projected Interest calculated using Amortization Schedule				
12	- DSI share based on historical split of debt service between				
13	DSI, Inc. and MUI, Inc.				
14					
15	AMORTIZATION SCHEDULE - U.S. Rule (no compounding)				
16					
17	Date	Payment	Interest	Principal	Balance
18	12/18/2013				1,227,380.61
19	1/18/2014	10,500.00	5,114.09	5,385.91	1,221,994.70
20	2/18/2014	10,500.00	5,091.64	5,408.36	1,216,586.34
21	3/18/2014	10,500.00	5,069.11	5,430.89	1,211,155.45
22	4/18/2014	10,500.00	5,046.48	5,453.52	1,205,701.93
23	5/18/2014	10,500.00	5,023.76	5,476.24	1,200,225.69
24	6/18/2014	10,500.00	5,000.94	5,499.06	1,194,726.63
25	7/18/2014	10,500.00	4,978.03	5,521.97	1,189,204.66
26	8/18/2014	10,500.00	4,955.02	5,544.98	1,183,659.68
27	9/18/2014	10,500.00	4,931.92	5,568.08	1,178,091.60
28	10/18/2014	10,500.00	4,908.72	5,591.28	1,172,500.32
29	11/18/2014	10,500.00	4,885.42	5,614.58	1,166,885.74
30	12/18/2014	10,500.00	4,862.02	5,637.98	1,161,247.76
31		126,000.00	59,867.15	66,132.85	
32					
33	1/18/2015	10,500.00	4,838.53	5,661.47	1,155,586.29
34	2/18/2015	10,500.00	4,814.94	5,685.06	1,149,901.23
35	3/18/2015	10,500.00	4,791.26	5,708.74	1,144,192.49
36	4/18/2015	10,500.00	4,767.47	5,732.53	1,138,459.96
37	5/18/2015	10,500.00	4,743.58	5,756.42	1,132,703.54
38	6/18/2015	10,500.00	4,719.60	5,780.40	1,126,923.14
39	7/18/2015	10,500.00	4,695.51	5,804.49	1,121,118.65
40	8/18/2015	10,500.00	4,671.33	5,828.67	1,115,289.98
41	9/18/2015	10,500.00	4,647.04	5,852.96	1,109,437.02
42	10/18/2015	10,500.00	4,622.65	5,877.35	1,103,559.67
43	11/18/2015	10,500.00	4,598.17	5,901.83	1,097,657.84
44	12/18/2015	10,500.00	4,573.57	5,926.43	1,091,731.41
45		126,000.00	56,483.65	69,516.35	



PROPOSED ASSESSMENT

PT- 422

(Rev. 5/4/04)
7032

2014 Tax Year

SOUTH CAROLINA DEPARTMENT OF REVENUE
PROPERTY DIVISION - UTILITIES
P.O. BOX 125
COLUMBIA, SOUTH CAROLINA 29214

Development Services, Inc.
Attn: Property Tax Department
816 E Main Street
Lexington, SC 29072

The Department of Revenue has proposed a property tax assessment of \$ 96,010 against your company for tax year 2014.

* This is not a tax bill. This is a property tax assessment, and any tax bills relating to this assessment will be issued by the appropriate counties at a later date.

SEE REVERSE SIDE FOR APPEAL PROCEDURE

This demand is not applicable if you are currently in bankruptcy proceedings under Title 11 of the US code. Although you are liable for the stated amount, such will be claimed through the bankruptcy courts.

Date of Notice: June 24, 2014

By: Samuel Crowe

Utility Assessment Analyst
(843) 953-8389
crowes@sctax.org

2014 Property Tax Year

**Utility Appraisal Summary
Worksheet**

Company: Development Services, Inc.

Total Net Utility Plant (Water)	<u>0</u>
Total Net Utility Plant (Sewer)	<u>917,184</u>
Total South Carolina Net Utility Plant	<u>917,184</u>

Adjustments:

S.C. Licensed Vehicles (Net)	<u>(2,830)</u>
S.C. CWIP	<u>0</u>
S.C. CIAC (Net)	<u>0</u>
	<u>(2,830)</u>

SOUTH CAROLINA APPRAISED VALUE	<u>914,354</u>
---------------------------------------	----------------

SOUTH CAROLINA ASSESSMENT RATIO	10.50%
--	--------

SOUTH CAROLINA PROPOSED ASSESSMENT	<u>96,010</u>
---	---------------

**South Carolina Department
of Revenue
P.O. Box 125
Columbia SC 29214
DISTRIBUTION REPORT
Tax Year 2014**

DEVELOPMENT SERVICES, INC

Property Tax Department

816 E Main Street

Lexington, SC 29072

COUNTY	DISTRICT	GROSS INVESTMENT	ASSESSMENT
LEXINGTON	County	2,334,028	96,010
Company	Total	2,334,028	96,010

Exhibit I

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.

Development Services, Inc.
For the Year Ended December 31, 2013

Line No.	Asset	Date in Service	Cost	Allocation	Allocated Amount	Service Life
1	Sewer System - Net	1/01/88	120,000	100%	120,000	45.0
2	BR-Plant/Sewer System	7/01/08	1,242,472	100%	1,242,472	32.0
3	Total Utility Plant		1,362,472		1,362,472	
4						
5	BR-Equipment Systems	1/01/03	631,320	100%	631,320	18.0
6	CAT Generator	10/15/03	37,000	0%	-	20.0
9	Case Generator	8/31/04	26,115	100%	26,115	15.0
10	Toshiba Generator	8/05/06	1,270	100%	1,270	15.0
11	CAT Backhoe	10/15/03	53,550	10%	5,355	12.0
12	Kobelco Excavator	12/31/07	119,967	100%	119,967	12.0
13	John Deere Mower	6/19/13	10,486	100%	10,486	6.0
14	Office Desk	3/01/04	300	100%	300	15.0
15	General Plant - Computer	11/01/88	1,500	100%	1,500	FD
16	Computer	1/31/04	1,648	100%	1,648	FD
17	Computer & Software	5/01/05	6,350	25%	1,588	FD
18	Copier	7/01/09	3,788	25%	947	6.0
19	Total Equipment		893,294			
20						
21	1999 Ford F-150	6/15/02	23,249	33%	7,672	FD
22	2008 Dodge Pickup	12/30/05	27,556	100%	27,556	FD
23	2008 Dodge Ram	10/24/12	37,896	100%	37,896	6.0
24	Total Vehicles		88,701		73,124	
25						
26						
27						
28	Subtotal		2,344,467		1,435,596	
29						
30						
31	Assets to be added in 2014/2015					
32	Disc Diffuser Replacement		7,033	100%	7,033	32.0
33	Ground Penetrating Radar		30,000	25%	7,500	18.0
34			37,033		14,533	
35						

Exhibit J

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.



Catherine B. Templeton, Director

Promoting and protecting the health of the public and the environment

December 19, 2014

Mr. Charles Cook
COOK LAW FIRM
6806 Pine Tree Circle
Columbia, SC 29206

Re: PSC Rate Case – your letter of December 18, 2014
Development Service, Inc. SC0032743

Dear Mr. Cook:

This letter confirms that the referenced permit is valid and effective.

Please feel free to contact me at (803) 898-4157 or email: debessjp@dhec.sc.gov.

Sincerely,

Jeffrey P. deBessonnet, P.E.
Director, Water Facilities Permitting Division

Exhibit K

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.

Bond ON File (Surety)

Exhibit L

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.

Please notify **Development Service, Inc.**
P.O. Box 1730, Lexington, S.C. 29071
Of change of address or ownership

Card # _____

Exp. Date: _____ CID # _____

Billing Address: _____

Phone #: _____

Printed Signature: _____

Signed Signature: _____

PLEASE RETURN THIS STUB WITH PAYMENT

Dear Customer:

A 1-1/2% late payment charge will be added to any unpaid balance not paid by the 19th of the following month from billing date.

Applicable rate schedule is available on request

DEVELOPMENT SERVICE, INC.

816 East Main Street

P.O. Box 1730

Lexington, SC 29071

24 hour telephone (803) 359-4803

Office hours:

Monday, Tuesday, Thursday

8:30 a.m. - 4:00 p.m.

Wednesday

8:30 a.m. - 4:30 p.m.

Friday

8:30 a.m. - 3:30 p.m.

KEEP THIS STUB FOR YOUR RECORDS

Please notify **Development Service, Inc.**
P.O. Box 1730, Lexington, S.C. 29071
Of change of address or ownership

Card # _____

Exp. Date: _____ CID # _____

Billing Address: _____

Phone #: _____

Printed Signature: _____

Signed Signature: _____

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Friday

8:30 a.m. - 3:30 p.m.

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Card # _____

Exp. Date: _____ CID # _____

Billing Address: _____

Phone #: _____

Printed Signature: _____

Signed Signature: _____

PLEASE RETURN THIS STUB WITH PAYMENT

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P.O. Box 1730, Lexington, S.C. 29071
Of change of address or ownership

Card # _____

Exp. Date: _____ CID # _____

Billing Address: _____

Phone #: _____

Printed Signature: _____

Signed Signature: _____

PLEASE RETURN THIS STUB WITH PAYMENT

Dear Customer:

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Applicable rate schedule is available on request

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Wednesday

8:30 a.m. - 4:30 p.m.

Friday

8:30 a.m. - 3:30 p.m.

KEEP THIS STUB FOR YOUR RECORDS

Exhibit M GROSS Receipts

Docket No. 2014-406-S (Application for Rate Increase)

Development Service, Inc.



SOUTH CAROLINA PUBLIC SERVICE COMMISSION
and
SOUTH CAROLINA OFFICE OF REGULATORY STAFF
GROSS RECEIPTS FOR THE TWELVE (12) MONTHS ENDING JUNE 30, 2014
(Please correct preprinted information as required)



Development Service, Inc.
Company Name (as shown on Certificate) FEIN _____

list d/b/a and/or f/k/a aliases
PO Box 1730 Lexington SC 29071
Address City State Zip Code
Keith G. Parnell 1-803-359-4803 midlandsutility@gmail.com
Regulatory Contact Area Code & Phone Number E-Mail

INTRASTATE GROSS RECEIPTS

Revenues Derived Via South Carolina Operations from:

Water Revenues

(Water)

Sewer Revenues

(Sewer)

Electricity Revenues

(Electric)

Natural Gas Revenues

(Gas)

Railroad Revenues

(Railroad)

Telecommunications Revenues:

ILEC (Local Exchange)

(ILEC)

CLEC (Competitive Local Exchange)

(CLEC)

IXC (Long Distance)

(IXC)

PSP (Payphone Service Provider)

(PSP)

Wireless (Eligible Telecommunications Carrier)

(Wireless ETC)

Total Revenues Derived Via South Carolina Operations

Preparer's Signature

Date

Affidavit

I, Keith G. Parnell, County of Lexington, South Carolina, who, being duly sworn, personally appeared before me Keith Parnell, says that he/she is the President of Midlands Utility, Inc. (Company) and

that the foregoing statement, for the twelve (12) months ending June 30, 2014, is correctly taken from the books and records of said Company, and is true to the best of his/her knowledge and belief.

Witnessed and subscribed before me this 25th day of August, 20 14.

Notary Public

My commission expires 7-29-19

Return completed form to:

South Carolina Office of Regulatory Staff
Gross Receipts Department
401 Main Street, Suite 900
Columbia, SC 29201

Place

Seal

Here

Failure to timely complete and submit this form could result in the loss of your license, authority or certificate to operate in South Carolina.

Return Deadline is August 31, 2014